REMARKS

Claims 1-23 are pending in this application. Claims 1, 7, 13 and 23 have been amended. Claims 1, 7 and 13 are independent.

Basis for the amendments is at page 5, lines 1-10, of the specification as originally filed.

The phrase in claims 1, 7 and 13, "about ten seconds", is intended to distinguish between human response times, which are in the tens of seconds (see page 27, lines 4-6, of the instant specification), and computer response times which can be substantially less than tens of seconds.

At page 2 of the Office Action, claims 7-16 and 18-23 were rejected under 35 USC 103(a) as being unpatentable over Hull, *Introduction to Futures & Options Markets, 2nd edition*, Prentice Hall, pp 4-6, 11, 26, 33, 34, 188 ("Hull") in view of the applicant's specification at page 27, lines 1-6 ("Disclosed Prior Art").

Claim 7 relates to a method of facilitating trading, comprising automatically receiving a short term option request from a user, the term of the option being less than about ten seconds, and automatically requesting the short term option from a market process, the market process being a computer program executing on a computer system and implementing rules of engagement by which information or merchandise is exchanged between trading processes.

Claim 13 relates to a method of facilitating trading, comprising receiving, at a computer program executing on a computer system and implementing rules of engagement by which information or merchandise is exchanged between trading processes, a request for a short term option having a term less than about ten seconds, and automatically granting the short term option.

Some of the cited pages of Hull relate to futures and some to options. It is not understood why the futures-related pages are cited.

The pages of Hull relating to options, pages 4 – 6 (top), 11, 188-190, disclose options having an expiration or exercise *date,* and purchase process involving relaying instructions to a human trader on the exchange floor (page 4, middle) who then finds a trader on the contra-side of the trade.

Hull plainly teaches away from an option term of less than about ten seconds, and also plainly teaches away from a computer program implementing rules of engagement that receives the short term option request.

The Examiner recognized Hull's shortcomings, and cited applicant's own specification for the missing disclosure. Page 26, line 23 – page 27, line 13, of the instant specification are set forth below, with the portion cited by the Examiner being in boldface and 11 point type (instead of 12 point type):

> Stops, short term option orders, can be provided as an optional feature of an order umpire. The expiration time of a stop may be controlled through platform services to ensure guaranteed execution for a linked order. The expiration time is typically sufficient for a process on system 5 to accomplish an operation on the platform, with present computer processing technology, this time is several hundred milliseconds or less.
>
> Fig. 103 illustrates an example of stop order processing.
>
> Conventional options expire at one of a set of predetermined times in the future, rather than in a short time measured from when they are granted. Recently, the International Securities **Exchange has provided an automated facility for trading these conventional options. So-called "forwards" enable a trader to negotiate the expiration time.**
>
> **In conventional human-directed markets, a market maker will often grant a short-term option to a trader, sometimes for a fee and sometimes as a favor. The market maker is exposing himself or herself to arbitrage by the trader, so is reluctant to grant such stops for more than intervals of time measured in tens of seconds. Due to human reaction times, a stop for a duration**

of one second or less is useless, since a human cannot physically take another trading action in such a short time.

In contrast, system 5 has many mechanisms to ensure appropriate management of small intervals of time despite computer queues and the like. System 5 is also concerned with allowing human behaviors to occur electronically, rather than forcing all trades into the conventional electronic bulletin board paradigm. The fundamental nature of system 5 makes a short-term stop meaningful, whereas in conventional systems it is useless.

The Disclosed Prior Art relates to a human directed market, and thus plainly teaches away from an option term of less than about ten seconds, and also plainly teaches away from a computer program implementing rules of engagement that receives the short term option request.

Since each of Hull and the Disclosed Prior Art not only fails to show or suggest two separate features recited in each of claims 7 and 13:

- an option term of less than about ten seconds, and
- a computer program implementing rules of engagement by which information or merchandise is exchanged between trading processes

but further teaches away from these features, there is no proper combination of Hull and Disclosed Prior Art that renders either of claims 7 and 13 obvious.

Claims 8-12 and 14-23, in depending from claims 7 and 13, respectively, each incorporate the features of their parent claim, and so each is patentably distinguished from any proper combination of Hull and Disclosed Prior Art for the reasons stated above.

At page 13 of the Office Action, claims 1-6 and 17 were rejected under 35 USC 103(a) as being unpatentable over Hull in view of Disclosed Prior Art and U.S. Patent No. 5,453,601 (Rosen).

Claim 1 relates to a method of facilitating trading, comprising automatically receiving a timer request of less than about ten seconds for a short term option expiration from a market process, the market process being a computer program executing on a computer system and implementing rules of engagement by which information or merchandise is exchanged between trading processes, and automatically setting a timer to indicate the short term option expiration time.

Rosen was cited for its disclosure of utilizing a timer or clock to indicate an expiration time.

The Examiner is misapplying Rosen. Rosen discloses electronic notes that expire after a preset time period (column 6, lines 50-57). More specifically, each certificate has an expiration date (column 12, lines 41-44; column 19, line 67), the date being, for example, five days to thirty days (column 23, lines 49-59).

Rosen does not disclose the use of a timer in connection with its electronic notes, as asserted by the Examiner.

Each of Hull, the Disclosed Prior Art and Rosen not only fails to show or suggest two separate features recited in claim 1:

- a short term option expiration time of less than about ten seconds, and
- a computer program implementing rules of engagement by which information or merchandise is exchanged between trading processes

but further teaches away from these features, there is no proper combination of Hull, the Disclosed Prior Art and Rosen that renders claim 1 obvious.

Claims 2-6 in depending from claim 1, each incorporate the features of their parent claim, and so each is patentably distinguished from any proper combination of Hull, the Disclosed Prior Art and Rosen for the reasons stated above.

A Notice of Allowance is solicited. The Examiner is invited to call the undersigned to discuss any issues.

Respectfully submitted,

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